Press Release

May 13, 2011

CARE ASSIGNS'CARE AA+' RATING TO NCD ISSUE OF TATA CAPITAL LTD.

CARE has assigned 'CARE AA+' [Double A Plus] rating to the proposed issue of Non Convertible Debentures (NCD) of Tata Capital Ltd. (TCL) of Rs.250 crore. Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk.

Instrument / Facility	Amount Rated (Rs cr)	Rating[1]	Remark
Non Convertible Debentures	250	CARE AA+ (Double A Plus)	Assigned

Rating Rationale

The rating factors in TCL's strong parentage (TCL being subsidiary of Tata Sons Ltd.), demonstrated support of the Tata group, both, by way of capital support as well as offering of in-house business opportunities (lending opportunities offered by the "Tata Ecosystem" comprising dealers/vendors and other business constituents/relationships affiliated with the group companies). The rating also factors in the brand equity of the parent company which would aid TCL in scaling up its volumes beyond the group related business as well as render it with strong resource raising capabilities.

The rating is however constrained by TCL's relatively limited track record of operations, its ability to lend competitively given the presence of established players in an intensely aggressive corporate and retail lending market and its ability to maintain asset quality with rising business volumes.

Company Profile

TCL is a subsidiary of Tata Sons Limited providing a wide spectrum of financial services (both fund based as well as non-fund based). TCL is having / planning to have the various business verticals like Retail Finance, Construction Equipment Finance, SME loans, Distribution and Broking of Financial Products, Wealth Management,

[1] *Complete definitions of the ratings assigned are available at www.careratings.com*

Investment Banking and Private Equity either on its books or its subsidiary companies. It has already set up some of these business verticals. TCL recorded PAT of Rs.50 crore during FY10 on total income of Rs.1,379 crore. TCL reported capital adequacy ratio of 21.44% as on March 31, 2010 with Gross NPA ratio and net NPA ratios of 2.34% and 1.77% respectively. TCL reported PAT of Rs.25 crore during Q1FY11.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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